

# Highway Trust Fund

**Joint Appropriations Subcommittee on Transportation**  
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# Agenda

- Highway Trust Fund Overview
- Where are the Greatest Needs?
- Do Funds Target the Greatest Needs?
- Issues
  - Are there statutory limitations?
  - Others?
- Summary

# Highway Trust Fund Overview

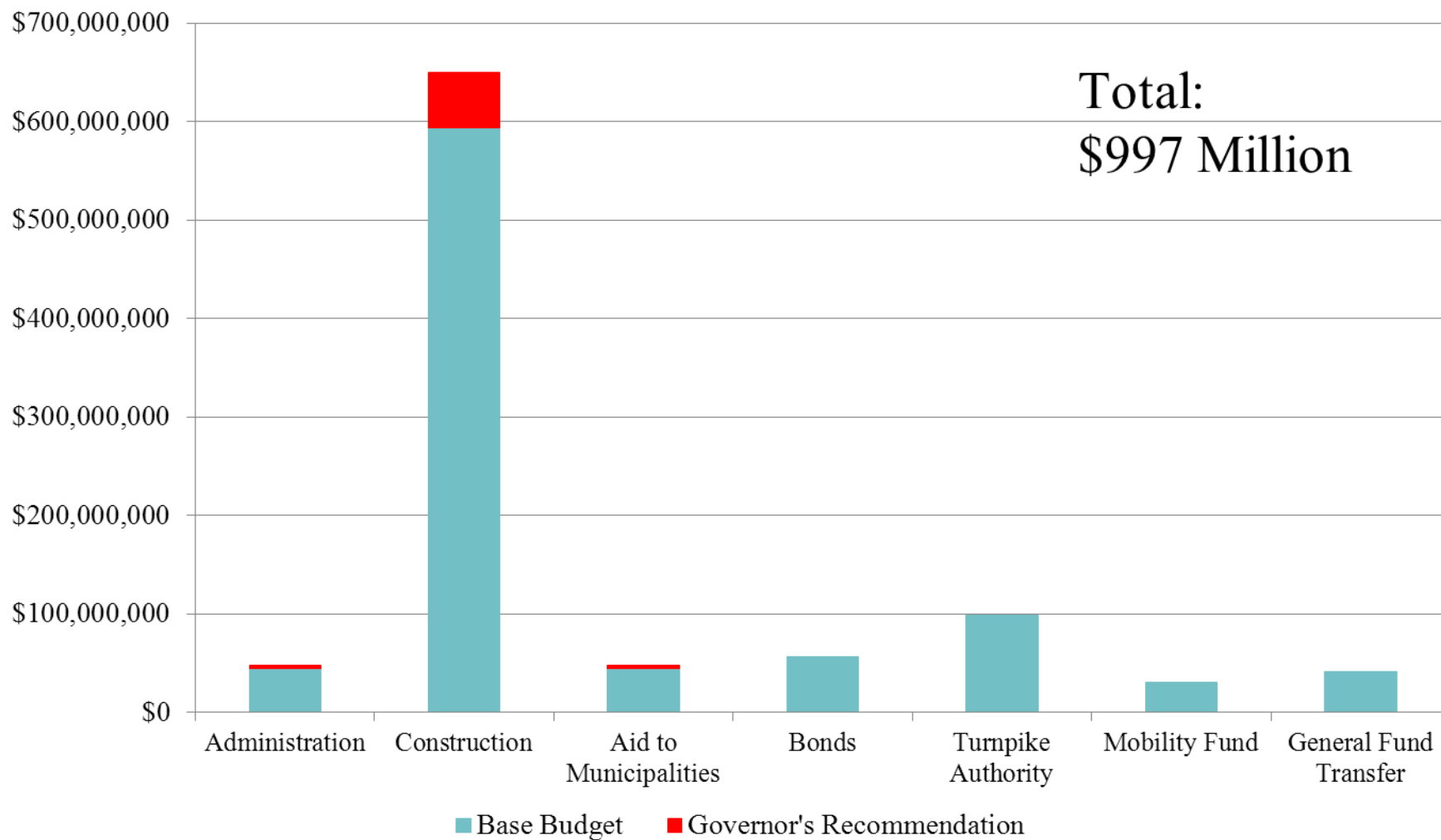
**Created in 1989**

- Goals are
  - Completion of the Intrastate Highway System, a 3600 mile network of four-lane highways.
  - Construction of seven urban loops.
  - Paving 16,358 miles of state-maintained dirt roads.
  - Increasing Powell Bill funding.

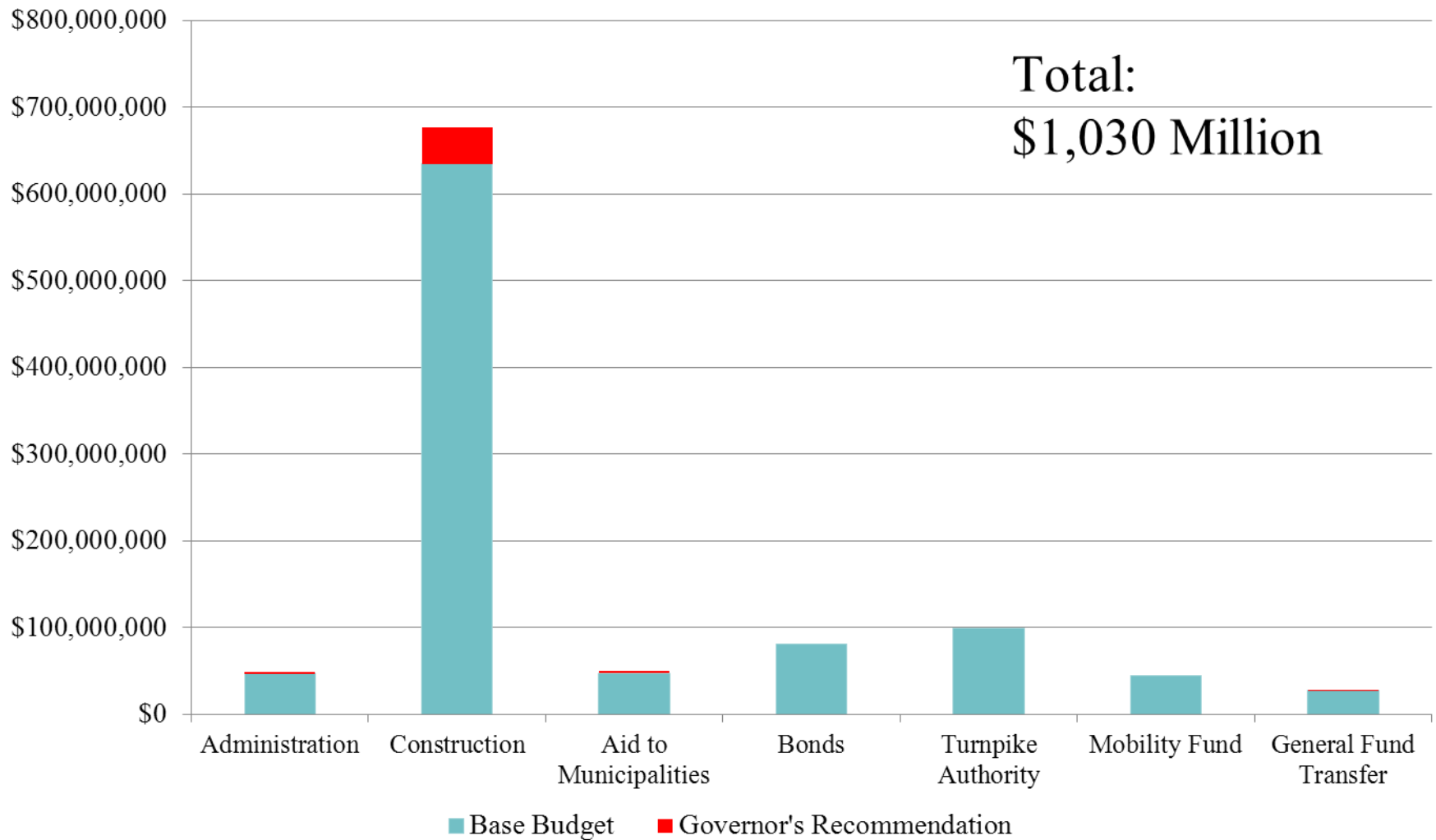
# Highway Trust Fund

- Main funding source for construction projects
- General fund transfers are being phased out to support Turnpike Authority gap funds and the Mobility Fund.
- What is the difference between maintenance and construction?
- Governor's Recommended Adjustments

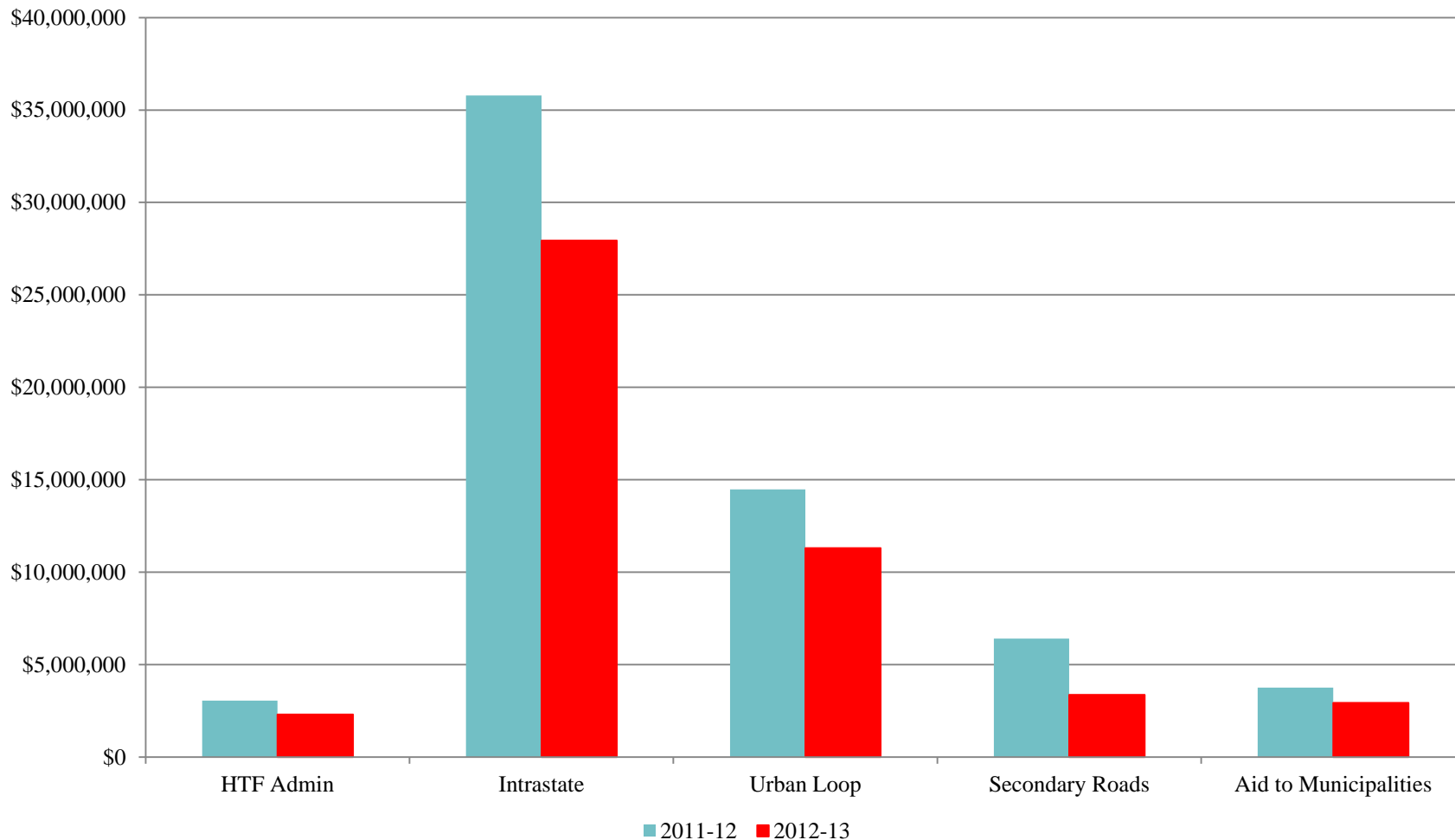
# Highway Trust Fund 2011-12



# Highway Trust Fund 2012-13



# Highway Trust Fund Formula Adjustments



# Where are the Greatest Needs?

- What have we learned to date?
  - Revenue Needs are Staggering
  - 42% of Urban Loops Complete (\$8 billion needed for completion, assuming no inflation)
  - 77% of Intrastate System Complete (\$8 billion needed for completion, assuming no inflation)
  - 89% of *Eligible* Secondary Roads have been Paved (72% of Total Secondary Roads Paved)



## Where are the Greatest Needs?

- What do the statistics show?
  - DOT Delivery Rate: 62%
  - In comparison to Intrastate System and Secondary Road System, a greater number of Urban Loop projects are “Shovel Ready”, but funding needs to complete Intrastate System and Urban Loops are the same.
  - 40% of bridges are classified as either structurally deficient or functionally obsolete (January 2010 data)

# Do Funds Target the Greatest Needs?

- Members make this decision.
- What factors can be used to make this decision?
  - Is it time to re-evaluate the Trust Fund formulas?
    - Requires study
    - May consider making temporary changes this biennium to meet needs
  - What is the future impact of the Mobility Fund in focusing on projects of Statewide or regional significance?
  - What options exist for targeting funds to structurally deficient bridges?
- If you reallocate HTF funds, should you also consider transferring a portion of HF savings to those HTF areas deemed most critical?

# Issues

- How should projects be selected? By statute or through prioritization process?
- Where are projects defined in Statute?
  - Intrastate System (G.S. 136-179)
  - Urban Loops (G.S. 136-180)
  - Turnpike Projects (G.S. 136-176(b2))
- Do Statutory Limitations Exist?
  - Should formulas be re-examined?
  - Should 90% rules be re-examined?
  - Others?

## Issues

- What other financing options exist for DOT to speed up construction projects? Current tools include:
  - Federal GARVEE funds
  - Design-Build/ Design-Build Finance
  - Tolling
  - Value Engineering
  - Public/Private Partnerships and Public/Public Partnerships
- Are there areas within Statute that should be re-examined to broaden the use of these current tools?
- Should existing financing tools be broadened?
- Should additional tools be added, such as encouraging the ability for locals to participate in funding mechanisms?

## Summary

- Highway Trust Fund monies may not be targeting areas of greatest need.
- It is within the power of the General Assembly to redistribute Turnpike Authority gap funding, Aid to Municipalities monies, Mobility Fund monies, and construction funds.
- It is within the power of the General Assembly to redistribute funds temporarily or permanently.
- The General Assembly has not conducted a comprehensive study to re-examine the Highway Trust Fund and its funding distributions since its inception.

Questions?